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SIPDIS
TELEGRAM

March 02, 2003

To: No Action Addressee
Action: Unknown
From: AMEMBASSY ABU DHABI (ABU DHABI 1030 - ROUTINE)
TAGS: PREL, ETRD, KIPR
Captions: None
Subject: UAEG TAKES TOUGH STANCE ON WTO SERVICES
NEGOTIATIONS
Ref: None

C O N F I D E N T I A L ABU DHABI 01030

SIPDIS
CXABU:
ACTION: ECON
INFO: P/M DCM AMB POL
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INFO: FCS

DISSEMINATION: ECON
CHARGE: PROG

APPROVED: DCM: RALBRIGHT
DRAFTED: ECON:CMCRUMPLER
CLEARED: ECON:TWILLIAMS

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DE RUEHAD #1030 0611421
ZNY CCCCC ZZH
R 021421Z MAR 03
FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC 8644
INFO RUEHGV/USMISSION GENEVA 0509
RUCNWTORWORLD TRADE ORGANIZATION COLLECTIVE
RUCPDOCUSDOC WASHDC
RUEHRH/AMEMBASSY RIYADH 1230

C O N F I D E N T I A L ABU DHABI 001030

SIPDIS

STATE FOR NEA/ARP, NEA/RA AND EB/TPP/MTA/IPC
STATE PASS USTR - KALVAREZ AND JBUNTIN
USDOC FOR USPTO
USDOC FOR 4250/DOC/MAC/ONE/CLOUSTAUNAU
GENEVA PASS USTR

E.O. 12958: DECL: 03/02/08
TAGS: [PREL](#) [KIPR](#) [ETRD](#) [TC](#)
SUBJECT: UAEG TAKES TOUGH STANCE ON WTO SERVICES
NEGOTIATIONS

1. (U) Classified by DCM Richard Albright for
reasons 1.5 (b) and (d).

2.(C) In advance of the March 3-6 WTO services
negotiations in Geneva, UAE Ministry of Economy Director
of WTO Affairs Saeed Al-Nasibi publicly announced

on March 2 that the UAE does not intend to open its banking, insurance, telecommunications and other services sectors to foreign investors at this time -- despite expected pressure from "industrialized nations," left unnamed, later this week. Comment: While such a position may be unhelpful, the UAE is under no obligation to open up those sectors it specifically set aside under the terms of its accession to the WTO in 1996; they are in fact "unbound," and the UAE's exemptions are indefinite in duration. End comment.

¶3. (C) According to Al-Nasibi, the UAE has little incentive to license new foreign banks because it is the "most over-banked country in the world, based on the number of banks per capita" -- foreign banks outnumber national banks, 26 to 21. He elaborated, however, that foreign banks are permitted to open representative offices here. (Note: This is a well-worn argument of the UAE Central Bank, which since 1987 has largely enforced a ban on new foreign full-service banking operations. End note.) Al-Nasibi also stated that the UAEG would continue to give preference to UAE nationals -- in effect denying national treatment to foreign investors -- in the services sector to encourage citizens to invest in their country.

¶4. (U) According to press reports, Al-Nasibi will chair the UAE delegation to Geneva for the March 3-6 WTO services negotiations. Representatives from the UAE Labor Ministry, Central Bank, Etisalat (the UAE's monopoly telecom provider), and the Federations of Chambers of Commerce will also attend.

Wahba